

CARLSBAD TOURISM BUSINESS IMPROVEMENT DISTRICT (CTBID) BOARD

MINUTES

June 5, 2007

3:00 p.m.

**1635 Faraday Avenue, Room 173B
Carlsbad, CA**

I. CALL TO ORDER: **3:07 p.m.**

Vice Chairperson Tim Stripe called the meeting to order at 3:07 p.m.

II. ROLL CALL:

The Chair took roll call and four Directors were present. Directors Shute, Cima and Howard-Jones were absent.

III. APPROVE MINUTES OF THE MAY 4, 2007 MEETING

General Counsel Ball referred to page 3 under Discussion Items. The sentence referencing the Positioning Study kickoff meeting on June 22 is not a private, invitation-only meeting. The meeting is open to the public and an agenda should be posted at least 72 hours prior.

Mr. Vallas made a motion, seconded by Mr. Canepa, to approve the minutes of the May 4, 2007 meeting, with the correction noted by Mr. Ball. Motion carried by unanimous vote.

IV. STAFF REPORT

Mrs. Gerhardt presented a staff report to update the Board members on financial activity that has transpired since the previous meeting. (The PowerPoint slide presentation is attached to these minutes.) Revenue for January through December 2006 was \$747,000. Revenue for May 2006 through April 2007 was \$757,000. The average occupancy rate was 62.2% for hotels. The current fiscal year revenue through May, 2007 was \$666,145 and expenditures were \$447,011. Current year contingency is \$73,205 and unbudgeted reserves are \$158,000. Per a request from Mr. Canepa at the last meeting to show revenue related to the occupancy rate (just hotels, not time shares), Mrs. Gerhardt reported that the \$719,000 assessment revenue was for hotels only. Time share assessment revenue is between \$3,000 and \$4,000 per month. She will add a column on future reports that will include the time share revenue as well.

Mrs. Gerhardt stated that monies left in the current budget will carry over to fund the costs of the positioning study. The \$73,000 contingency will carry forward to next year. Mr. Stripe and Mr. Canepa shared favorable comments regarding the financial reports.

V. AB #0607-20 – RENEW AGREEMENTS WITH CARLSBAD CONVENTION AND VISITORS BUREAU AND SAN DIEGO NORTH CONVENTION AND VISITORS BUREAU

Mrs. Gerhardt provided a brief overview of the Carlsbad Convention and Visitors Bureau (CCVB) agreement. Since the original agreement with the City of Carlsbad in 2004, the agreement has been extended several times. The CCVB is responsible to manage and coordinate marketing programs that position Carlsbad as a year-round leisure visitor destination in Southern California.

A 10% increase was reflected in the new annual payment amount of \$448,800 per year, divided into twelve monthly payments of \$37,400.

The San Diego North Convention and Visitors Bureau's (SDNCVB) responsibility is to increase measurable visitor spending through the generation of group business leads from room night bookings and group events.

A 10% increase was reflected in the new annual payment of \$110,000, divided into twelve monthly payments of \$9,166 per month. The agreement incorporates the performance measurement system and updated reports will be provided by the Bureau to the CTBID Board members on a quarterly basis. This reporting format was approved at the May 4, 2007 Board meeting.

Both current agreements expire on June 30, 2007; they will be renewed for one year from July 1, 2007 through June 30, 2008.

Mr. Rick Smock, General Manager of the Best Western Beach Terrace Inn requested to speak on behalf of Director Howard-Jones. Mrs. Howard-Jones previously e-mailed a memo to the Board members expressing several concerns regarding inaccuracies she feels exist between the two Bureau agreements. After discussion, the Board members directed staff to work with SDNCVB and Mrs. Howard-Jones to address the items in her letter. If it cannot be resolved in that manner, the item will be placed on a future meeting agenda.

Mr. Vallas made a motion, seconded by Mr. Canepa, to adopt Resolution #2007-4 to renew both agreements as presented. Motion carried by unanimous vote.

Following the presentation, Mr. Canepa thanked both Bureaus for their patience. He explained the Board members have been very cautious this year with

expenditures. The hotels need the assistance of the Bureaus with increasing guest room occupancy and he encouraged them to do a marvelous job on behalf of the CTBID.

VI. AB #0607-20 – APPROVE 2007-08 ANNUAL REPORT

Mrs. Gerhardt reported that she presented the 2007-08 annual report and budget at the May 4, 2007 meeting. The purpose today is for the Board members to approve the report. This Board is required to provide a report to the City Council annually. The report will be placed on the June 19, 2007 City Council agenda. The Board members are encouraged to attend the June 19 meeting. Mr. Stripe indicated he will attend.

ACTION: Mr. Stripe requested a tickler note be filed for November or December to remind the Board members to discuss whether or not they wish to continue the current course or if they wish to change the \$1 per room night assessment or consider other plans of action

Mr. Canepa made a motion, seconded by Mr. Vallas, to adopt Resolution #2007-5 to approve the 2007-08 Annual Report and Budget. Motion carried by unanimous vote.

VII. DISCUSSION ITEMS

- 1) Mr. Stripe introduced and welcomed the new CTBID Board member, Mr. Hector Becerra, who is the General Manager at the Holiday Inn-Carlsbad by the Sea. Mr. Becerra provided a brief summary of his past positions noting that he served as a board member on the Palm Springs Hospitality Committee, the Palm Springs Tourism Board as well as the Indio Tourism Board.
- 2) Mrs. Gerhardt provided an update for the upcoming positioning study kickoff meeting on Friday, June 22, 2007, from 10:00 a.m. to 3:00 p.m. She shared the list of the people who will attend. Mr. Becerra expressed his interest in attending. Judith Wright, the consultant, previously distributed the interview guide to the subcommittee members for their review and comments. Ms. Wright will be here for a week conducting interviews. Afterward they will complete their analysis and share the information with the CTBID Board members at a future meeting.

Mrs. Gerhardt proposed an additional expense of \$25,000 for the Wright Group to film a video of the participants. After discussion the Board members decided not to engage the Wright Group to do the video taping of the interviews. No action was taken as this item was not on the agenda.

Mr. Stripe commended Mrs. Gerhardt and thanked her for all of her support during the entire positioning study process.

VII. NEXT MEETING

The next regular meeting will be held on Tuesday, September 18, 2007, at 11:00 a.m. and will be held at 1635 Faraday Avenue, Room 173A.

Action: Agenda items may include: 1) Mr. Ball suggested the Board consider scheduling standing meetings once or twice a year; 2) possible discussion regarding Mrs. Howard-Jones concerns in the SDNCVB Carlsbad Sales Report.

ADJOURNMENT

Mr. Vallas made a motion, seconded by Mr. Becerra, to adjourn the meeting. Vice Chair Tim Stripe adjourned the meeting at 4:12 p.m.

Respectfully submitted,

Sheryl Keller
Recording Secretary

Carlsbad Tourism Business Improvement District

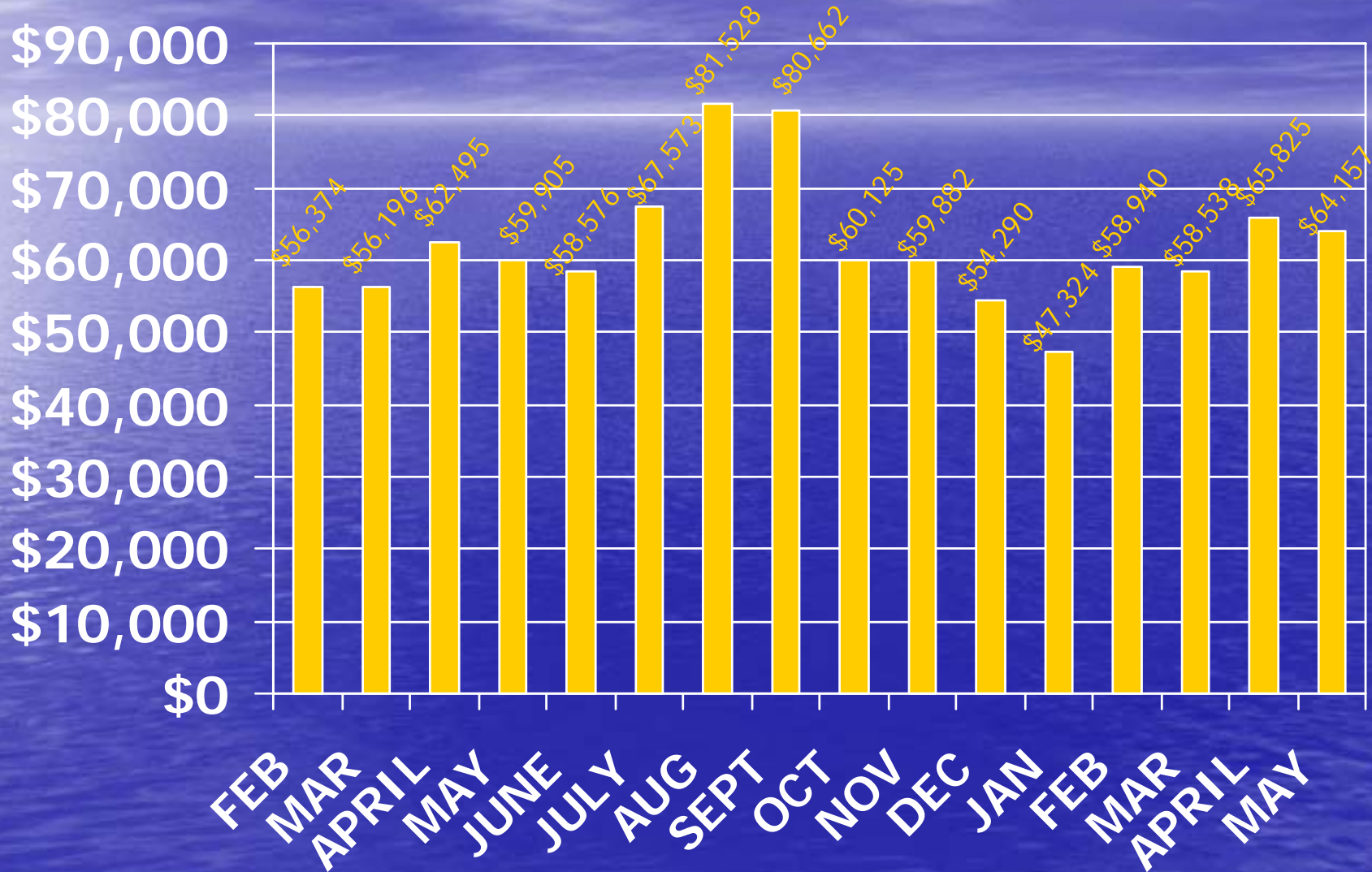
Financial Update

By: Cheryl Gerhardt

June 5, 2007

CTBID Assessment Revenue

16 month period

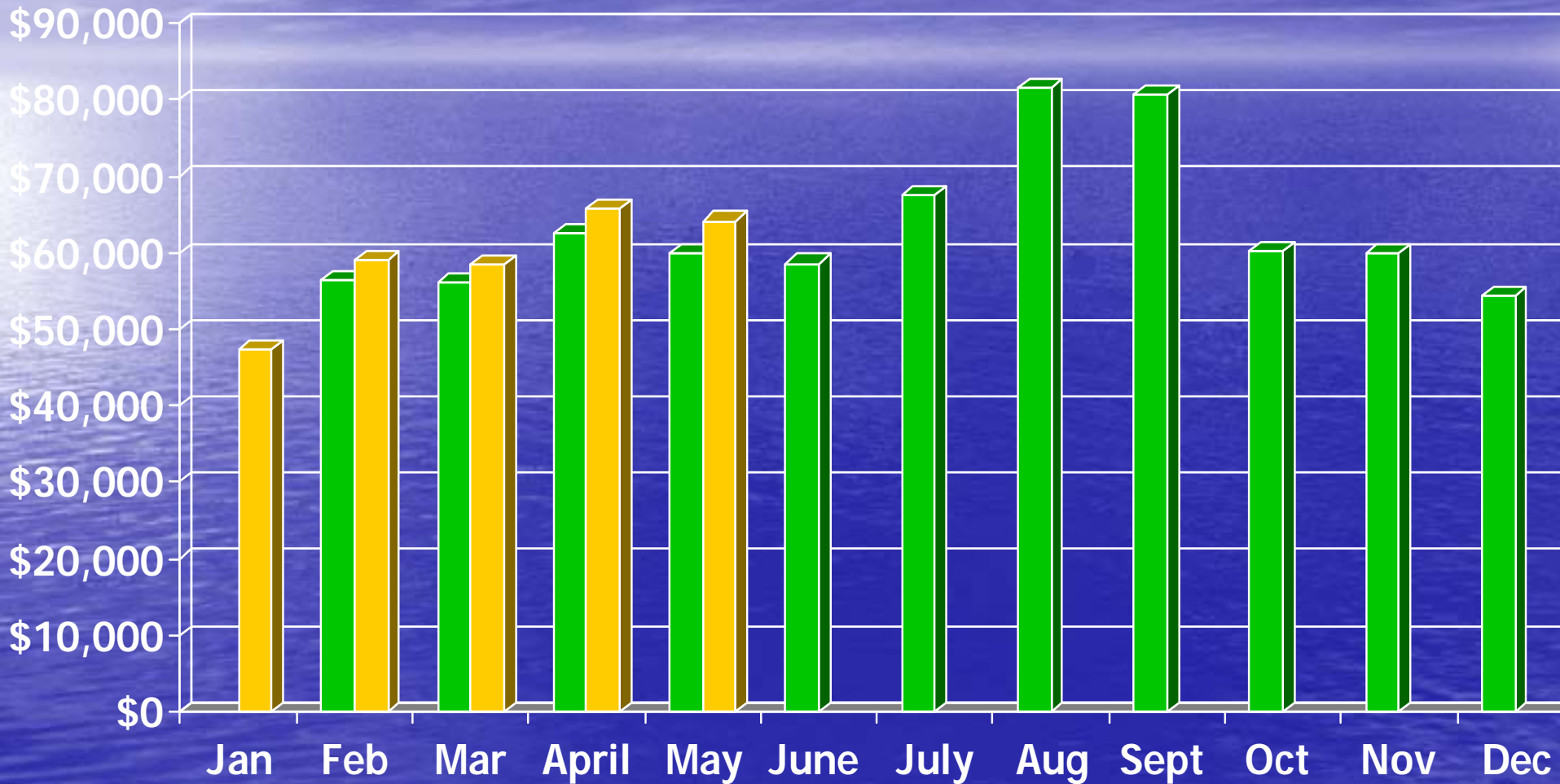


Month revenue remitted

Ave occupancy rate 63%

CTBID Assessment Revenue

16 month period



■ 2006 ■ 2007

Month revenue remitted

Ave occupancy rate 63%

2006-07 Budget to Actual

as of 5/31/2007

Program Areas	Budget	Actual 31-May-07	Remaining Balance
<u>Revenues:</u>			
CTBID Assessment	790,000	666,145	123,855
Interest Earnings	1,000	7,525	(6,525)
Total Estimated Revenues	791,000	673,670	117,330
<u>Expenditures:</u>			
2% Administrative Fee - City	15,800	11,122	4,678
CCVB Contract	408,000	340,000	68,000
SDNCVB Contract	100,000	83,333	16,667
Staff support	15,000	12,556	2,444
Positioning Study	95,000	0	95,000
Contingency	73,205	0	73,205
Total Expenses	707,005	447,011	259,994



Financial Highlights

- CTBID Revenue for Jan-Dec 2006 \$747K
- CTBID Revenue May 06 – April 07 \$757K
- Average occupancy rate 62.2% for hotels with revenue for year of \$719K
- Current year contingency \$73,205
- Unbudgeted reserves \$158,000



CCVB Contract

Manage and coordinate marketing programs that position Carlsbad as a year-round leisure visitor destination in Southern California.

- Increase brand awareness
- Operate Visitor Information Center in the Historic Santa Fe Train Depot seven days per week.
- Initiate familiarization tours by inviting the media to Carlsbad.
- Promote local community events.
- Develop private funding sources for the purpose of supplementing funds.
- Support a full-time marketing campaign.
- Provide semi-annual reports of the activity and expenses of the CCVB to the City.
- Cost \$448,800 per year, \$37,400 per month

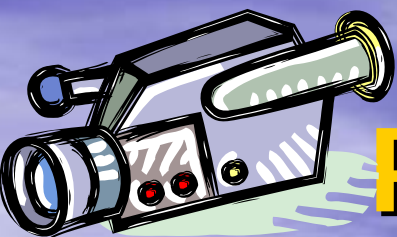
SDNCVB Contract

Increase measurable visitor spending through the generation of group business leads from room night bookings and group events.

- Phone solicitation/prospecting
- Personal sales calls to targeted national and international businesses
- Buyer site inspections
- Meeting planner familiarization tours
- Tour planner familiarization tours
- Trade and travel show attendance
- Direct mail campaigns
- Product launches fro wholesale and airline vacation companies
- Email solicitation and promotions
- Reservation center educationals
- E-commerce development
- Quarterly reports are to be provided with performance measures
- Cost \$110,000 per year, \$9,166 per month.

Positioning Study

- Kickoff meeting Friday, June 22, 10am – 3pm
- Attendees:
 - Tim Stripe, Positioning study subcommittee member
 - Rick Smock, GM Best Western Beach Terrace Inn
 - Rob Sapp, Four Seasons Marketing Director
 - Denise Chapman, La Costa Director of Marketing
 - Peter Kock, Marketing Director Legoland
 - Cami Mattson, SDNCVB
 - Kurt Burkhart, CONVIS
 - Robert Moore, GM Hilton Garden Inn



Positioning Study Video

The filming, editing and production fee of \$25K includes:

- Filming of all 60 ethnographies and 10 in-depths by a skilled videographer
the camera will record in HDV with an onboard shotgun mic, wide screen format and flood lighting
- Video and editing equipment and supplies
- Logging and capturing (digitizing) clips
- Creating a 20—30 minute video of the ethnographies and in-depths with voiceover, graphics, text generation
- Design, creation and production of packaging (DVD), including compression downtime for digital version on CD; and up to 10 copies of each version.

The report can be presented as an Ethnographic Video or as a Power Point Presentation with embedded Video Clips.